Strategies for [CLIENT] to adapt to Extended Producer Responsiblity laws in the Philippines

Introduction

Plastics are excellent packaging materials for 'single use' products because they do not chemically react with products and have liquid barrier properties. FMCG companies such as [CLIENT] use a variety of plastics to package their products, such as [PRODUCT]. However, plastic pollution is threatening ecosystems and human health because it does not naturally break down and is not treated appropriately as waste. Countries like the Philippines are launching Extended Producer Responsibility laws to 'extend' the 'responsibility' of plastic waste management on the 'producers' of the waste. This law has implications for [CLIENT], that generates approximately 776,220 metric tonnes of plastic waste at the consumer end.

Methods

This study idenitified the salient strategies across the industry by compiling [CLIENT] and competitor strategies. Based on this analysis, 2 strategies were shortlisted and a cost benefit analysis was conducted. The tactics pertaining to each strategy were investigated. The cost benefit analysis identified social, economic and environmental costs of the tactics of the shortlisted strategies. The cost benefit analysis can be found in Figure 1 on the right.

Advice

The strategy of switching to biodegradable packaging is the most suitable option for the company as a long-term solution to Extended Producer Responsibility Laws in the Philippines. When strategies 1 and 2 are considered, there are many costs that are common such as R&D, implementation of new packaging through changes in suppliers, distribution methods, and factories. These costs will be similar for both strategies regardless of [CLIENT]'s choice.

Strategy 1 has many environmental and social costs (externalities), such as threats to ecosystems, biodiversity and human health, stakeholder inclusion, investments in recycling infrastructure, recollection programs, costs of waste transportation, and the cost of recycling every piece of plastic produced.

Strategy 2 has significantly lower complexity and effects on the environment and society, and provides a strategic advantage to [CLIENT] in terms of future EPR laws. [CLIENT]'s plastic policies are also the least ambitious compared to the rest of the competitors with a target of reducing 1/3 of all consumer packaging plastic waste by 2030. Strategy 2 may increase investor confidence in [CLIENT] and stimulate sustainable growth of the company. Furthermore, setting up a greater capacity for plastic recycling encourages an increase in consumption of single use plastic. If plastic consumption increases in the future, there will be added responsibility and costs to [CLIENT]. Also helps navigate future stricter rules than the current EPR policy, such as obligations to treat imported waste of [CLIENT] consumers abroad.

Competitor and [Client] strategies

Table 1: Overview of plastic packaging policies of [Competitor 1], [Competitor 2], [Competitor 3], and [CLIENT].

Policy type	[Competitor 1]	[Competitor 2]	[Competitor 3]	[CLIENT]
Policy on virgin plastic	Halve the amount of virgin plastic 2025	Eliminate one-third new (virgin) plastics by 2025	Unspecified	50% reduction in virgin plastic in consumer packaging by 2030
Policy on recycling	**100% of plastic packaging** is designed to be fully reusable, recyclable or compostable by 2025	Initiatives to **guide consumers on recycling**, make all plastic packaging recyclable, reusable or compostable by 2025	**Certain consumer brands** will use 100% recycled plastic in their bottles by 2030	Improve consumer access to collection and recovery systems, **100% of consumer packaging** will be designed to be recyclable or reusable by 2030.
Policy on reusable packaging	Ensure 100% of plastic packaging is designed to be fully reusable, recyclable or compostable by 2025	make all of our plastic packaging recyclable, reusable or compostable by 2025	Consumer Health brands will use 100% recyclable, reusable or compostable plastic packaging and certified/post-consumer recycled paper- and pulp-based packaging by 2025.	100% of our consumer packaging will be designed to be recyclable or reusable by 2023.
Policy on biodegradable packaging	Ensure that 100% of our plastic packaging is designed to be fully reusable, recyclable or compostable by 2025	make all of our plastic packaging recyclable, reusable or compostable by 2025	Consumer Health brands will use 100% recyclable, reusable or compostable plastic packaging and certified/post-consumer recycled paper- and pulp-based packaging by 2025.	Excludes compostable, biodegradable packaging in goals, citing issues with consumer access to composting waste facilities and potential contamination of established recycling streams for plastics.
Policy on plastic recollection	Collect and process more plastic packaging than plastic sold by 2025. Strategy on Collecting and processing plastic is included	Unspecified	Unspecified	Improve consumer access to collection and recovery systems

Goals

1. Comply with EPR laws in the Philippines
2. Meet investor expectations regarding ESG performance

Switch to recyclable packaging that is recollected and processed correctly

- **Plastic packaging redesign to recyclable plastic**
  - Economic costs: R&D, Consumer perception
  - Social and environmental benefits: [Client] complies with EPR laws and avoids heavy fines, negative publicity, and investor scrutiny and avails minor tax benefits.
- **Implementation of new packaging**
  - Economic costs: Factories will be redesigned, new and reliable suppliers with correct certifications for materials may need to be arranged, potential changes in product distribution methods,
- **Retention of plastic in consumer packagaing**
  - Social and environmental costs: Continued use of virgin and recyclable plastic will pollute ecosystems and create heath hazards for people.
  - Economic benefit: lower costs of packaging redesign and implementation
- **Changing to Reusable packaging**
  - Social and environmental costs: Assigning consumers responsibility with packaging reuse/disposal can lead to irresponsible disposal of packaging. Actions of consumers will still lead the government to issue of fines to [Client].
- **Investing in infrastructure to recycle plastic**
  - Economic costs: Setting up/supporting recycling infrastructure at a small scale (lower capital investment, less commercially viable) or a large scale recycling facility (large capital investment, more commercially viable)
  - Social and environmental benefits: compliance with EPR laws and investor expectations
- **Recollection of plastic**
  - **through Stakeholder involvement**
    - Economic and social benefit: Waste pickers and sari-sari stores benefit from participation in recollection programs
    - Social and economic costs: Waste pickers are not explicitly included in [Client]'s plastic policies. Exclusion leads to further marginalization; lower availability of waste may lead to lower income.
  - **through Consumer participation**
    - Economic costs: incentives for consumer participation like financial, education programs, nudging. Consumer behaviour can be very hard to change. Incentive methods and education can be done at a low cost, but it is hard to get effective results from consumers unless a lot of money is invested in these programs.
    - Social benefits: Instruments like community recognition for
  - **through company efforts**
    - Economic costs: Transportation from nodes of collection to recycling facilities on the same island or across islands is challenging and expensive due to the geography of the Philippines. Many islands are scattered over a large area.

Switch to biodegradable packaging that composts naturally

- **Redesign to Bio-degradable packaging**
  - Economic costs: R&D, Consumer perception, contamination or damage to products before use
  - Social, economic and environmental benefits: compliance with EPR laws, company no longer responsible for waste, low health & environmental risks
- **Implementation of new packaging**
  - Economic costs: Factories will be redesigned, new and reliable suppliers with correct certifications for materials may need to be arranged, potential changes in product distribution methods,
- **Elimination of plastic from consumer packaging**
  - Social, economic and environmental benefit: low health & environmental risks, easy disposal by consumer at home or community composting facilities, end product after composting has more long term value than finitely recyclable plastic waste

Figure 1: Cost benefit analysis of the identified strategies

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